

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 91-136-C - ORDER NO. 91-867  
OCTOBER 2, 1991

IN RE: Application of The Hogan Company for a     ) ORDER  
Certificate of Public Convenience and     ) GRANTING  
Necessity to Operate as a Reseller of     ) CERTIFICATE  
Intrastate Telecommunications Service.     )

This matter is before the Public Service Commission of South Carolina (the Commission) by way of the application of The Hogan Company (Hogan or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Hogan's application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1990) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Hogan to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas once a week for two consecutive weeks. The purpose of the Notice of Filing was to inform interested parties of Hogan's application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Hogan complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on Tuesday, June 4, 1991, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. Carl F. McIntosh, Esquire, represented the Consumer Advocate; Harry M. Lightsey, III, Esquire, represented Southern Bell; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.<sup>1</sup>

Hogan presented the testimony of Roz Bassett, Hogan's Florida District Sales Manager, in support of its application. Ms. Bassett explained Hogan's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina. She outlined Hogan's financial qualifications, background, and technical capabilities. Ms. Bassett explained that public convenience and necessity required issuance of Hogan's requested certificate. Ms. Bassett testified Hogan was certified as a long distance reseller in thirty-three other states.

C. L. Addis testified on behalf of Southern Bell. Mr. Addis explained that while Southern Bell did not oppose Hogan's application, it wanted to ensure that Hogan be required to comply with Order No. 86-793, Docket No. 86-187-C, regarding compensation for inadvertent completion of intraLATA calls.

After full consideration of the applicable law and of the

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1. Hogan was not represented by counsel.

evidence presented by Hogan, the Consumer Advocate, Southern Bell and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law.

#### FINDINGS OF FACT

1. Hogan is incorporated under the laws of the State of Washington and has a certificate of authority to transact business as a foreign corporation in the State of South Carolina.

2. Hogan operates as a reseller of long distance telecommunications. Presently, Hogan resells MCI and U.S. Sprint service as part of its reseller operations. Hogan will rely on its underlying carrier to provide all switching functions, billing information, and all originating and terminating transmission facilities in conjunction with local exchange company provided access service.

3. Hogan will provide its own billing and collection services.

4. Hogan does not intend to provide any operator services. If a customer desires operator services, the customer will be directed to Hogan's underlying carrier's operators.

5. Hogan has the experience, capability, and financial resources to provide the services as described in its application.

#### CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a certificate of public convenience and necessity should be granted to Hogan to provide intrastate, interLATA service through the resale of intrastate Wide Area

Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission.

2. Hogan shall only use network services which either block or switch to the local exchange carrier (LEC) intraLATA calls which are attempted over the network. If Hogan incidentally or accidentally completes any intraLATA calls, the LEC shall be compensated by Hogan as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket No. 86-187-C.

3. The Commission adopts a rate design for Hogan which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with the flexibility for adjustment below the maximum rate level has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts Hogan's proposed maximum rate tariffs.

4. Hogan shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Hogan shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Hogan's subscribers shall constitute a general ratemaking proceeding and

will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1990).

5. For the provision of intrastate telecommunications service Hogan may only use underlying facility-based carriers that are certified by this Commission to provide such service. Hogan shall notify the Commission in writing of its underlying carrier(s) and of any change in its carrier(s).

6. Hogan shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order.

7. Hogan is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. Hogan shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS**

**FOR INTEREXCHANGE COMPANIES AND AOS'S**

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).